



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

April 13, 2020

Dear California Community Leaders,

Earlier today, as California's Insurance Commissioner, I ordered insurance companies to return insurance premiums to consumers and businesses and provide much-needed financial relief during this current COVID-19 emergency.

My [Bulletin](#) released by the California Department of Insurance covers those partial premiums paid for in the months of March and April — including the month of May if “shelter in place” restrictions continue — in at least six different insurance lines: private passenger automobile, commercial automobile, workers' compensation, commercial multi-peril, commercial liability, medical malpractice, and any other insurance line where the risk of loss has fallen substantially as a result of the COVID-19 pandemic.

Following please find “Frequently Asked Questions” about this Bulletin:

Q - Why did you do this and what does it mean?

A - With Californians driving fewer miles and many businesses closed due to the COVID-19 emergency, policyholders need relief from premiums that no longer reflect their present-day risk of accident or loss. By requiring them to return premiums, it puts money back in people's pockets when they need it most.

Q - What do I have to do to get the discounts?

A - Nothing – your insurance company will automatically adjust your premium. You can also contact your company if you are driving less – you may qualify for a greater refund.

Q - Will I receive my full premium back or a percentage?

A - The amount you get back will vary by company and policy. For many people, the risk of accident or loss is much lower because they are driving far less and/or their business has temporarily closed (or lessened its foot traffic substantially).

Premium reductions and refunds should reflect:

- Fewer accidents or injuries on the road
- Falling business payroll and receipts

In many cases, the reduction or refund will be a percentage of your premiums for the months of March and April -- and the month of May if these shelter in place rules continue – not 100% of your previous premiums paid.

Q - What lines does this cover and why?

A - This Bulletin covers six lines of insurance where the risk of loss has fallen as a result of the pandemic:

- Private passenger automobile insurance
- Commercial automobile insurance
- Workers' compensation insurance
- Commercial multiple peril insurance
- Commercial liability insurance
- Medical malpractice insurance

And any other line of coverage where the measures of risk have fallen as a result of the COVID-19 pandemic.

Q - Does the Bulletin apply to businesses also?

A – Yes, the Bulletin applies to all insurance where risk has fallen due to the emergency, including for businesses.

Q - How will you make sure that companies are giving back the right amount – and not shortchanging people?

A – Companies will have to follow the guidelines in the Bulletin to make sure that premium refunds are adequate. The Bulletin also requires insurance companies to file their plans for returning premium with the California Department of Insurance within 60 days so we can evaluate whether any given company is shortchanging people and the refunds are adequate and comply with our consumer protections.

Example: Premium refunds could be an average percentage based on estimated change in risk or exposure.

Companies should also notify their policyholders that they can provide their individual experience (such as less miles driven) – which could lead to a larger refund.

The California Department of Insurance will monitor compliance with this Bulletin and, for insurers that do not fully comply with this Bulletin, the California Department of Insurance reserves the right to take whatever administrative action is necessary to ensure compliance.

Q - What about companies that have already announced refunds – will they have to do more?

A - Some auto insurance companies have announced premiums of various percentages –up to 25%. The California Department of Insurance will be reviewing announcements made to date by these insurance companies to ensure they are adequately based on the data they provide to us. Premium refunds should reflect the actual change in risk to businesses and drivers – which in many cases is substantially lower.

Q - If a person contacts their insurance company, could they wind up with a different discount than the across-the-board amount offered by the company, if their exposure or actual miles driven warrants it (e.g. risk is lower now)?

A - Yes. If a particular policyholder has reduced their driving by more than the insurance company's average mileage reduction estimate, the policyholder would be eligible for a further premium reduction or refund. Please note that the refunds only reflect a short-term change.

Q - What else has the California Department of Insurance done to protect consumers and businesses during this COVID-19 emergency?

A - Today's action builds on other steps that I, as California's Insurance Commissioner, and the California Department of Insurance have taken to assist consumers and businesses during this COVID-19 emergency such as:

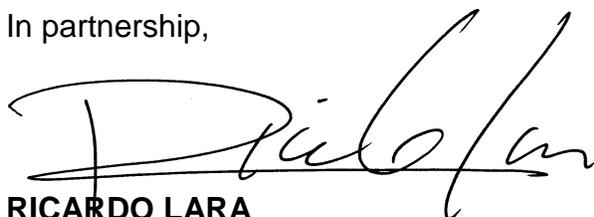
- [Requesting a 60-day grace period for consumers and businesses to pay insurance premiums](#)
- [Extending deadlines for insurance claims until 90 days after the statewide "state of emergency" or any other "state of emergency" has ended related to COVID-19](#)
- [Maintaining auto insurance for those with an expired license and/or car registration](#)
- [Extending personal auto coverage for delivery drivers for California's essential businesses](#)
- [Eliminating cost-sharing for COVID-19 testing and screening](#)
- [Reminding insurance companies that workers' compensation insurance applies regardless of a worker's immigration status](#)
- [Urging uninsured Californians to obtain insurance to protect their health](#)
- [Directing health insurance companies to provide increased telehealth access for consumers](#)
- [Directing health insurance companies to submit emergency plans on prescriptions and health access](#)

Q - Who can I call if I have additional questions?

A - Consumers are encouraged to contact the California Department of Insurance at **(800) 927-4357** to speak with an insurance expert for help with their questions, concerns, and any claims.

My staff from the Community Relations and Outreach team will be in touch with you soon to offer any assistance to your staff during this time. My hope is to partner with you to ensure the services of the California Department of Insurance are made available to all Californians. Thank you for the opportunity to work with you on this important issue. I hope to continue to be of service to you and your constituents.

In partnership,

A handwritten signature in black ink, appearing to read "Ricardo Lara", written over a horizontal line.

RICARDO LARA
California Insurance Commissioner